

Message Text

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ACTION EUR-25

INFO OCT-01 FEA-02 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 EB-11 FRB-03 H-03 INR-11 INT-08 L-03

LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-03

SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03

OMB-01 SWF-02 OIC-04 DRC-01 /201 W
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R 261802Z JUL 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7295

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY BUCHAREST

USMISSION OECD PARIS

USMISSION GENEVA

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E.O. 11652: NA

TAGS: ETRD, EEC, GATT, IR, GW

SUBJECT: EC COOPERATION AGREEMENTS--PROPOSED FRG DUTY-
FREE IMPORTS OF PETROLEUM PRODUCTS FROM IRAN

REF: (A) EC BRUSSELS 5493; (B) EC BRUSSELS 5527;

(C) BONN 11830; (D) BUCHAREST 3057

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1. SUMMARY. SOAMES HAS RAISED WITH AMBASSADOR GREENWALD

THE GERMAN PROPOSAL ON COOPERATION AGREEMENTS THAT WOULD PERMIT PREFERENTIAL EC TREATMENT FOR IMPORTS OF REFINED PETROLEUM PRODUCTS FROM IRAN. HE ALSO MENTIONED A PROPOSED ITALIAN-ROMANIAN DEAL WHICH THE COMMISSION HAD MANAGED TO SCOTCH AND DIFFICULTIES OVER A DUTCH-ROMANIAN AGREEMENT. SOAMES INDICATED HIS CONTINUED STRONG OPPOSITION TO NEW PREFERENTIAL DEALS. HE URGED THAT THE US MAKE REPRESENTATIONS IN BONN AND OTHER EC CAPITALS AGAINST ANY SUCH ARRANGEMENTS. END SUMMARY.

2. AS REPORTED IN REFTELS A, B, AND C, THE GERMANS HAD PLANNED AT THE JULY 22-23 EC COUNCIL MEETING TO PUSH FOR AN UNDERSTANDING THAT PETROLEUM PRODUCTS PRODUCED UNDER "COOPERATION AGREEMENTS" WITH OUTSIDE COUNTRIES COULD BE IMPORTED DUTY FREE INTO THE COMMUNITY. THE FRG FINALLY AGREED TO LET THE MATTER PASS FOR THE MOMENT BUT MADE CLEAR ITS INTENT TO PURSUE THE MATTER IN THE FUTURE--PROBABLY IN SEPTEMBER.

3. ON JULY 25, EC COMMISSION VICE PRESIDENT SOAMES RAISED WITH AMBASSADOR GREENWALD THE GENERAL QUESTION OF PROPOSALS FOR PREFERENCES TO BE GRANTED UNDER INDUSTRIAL COOPERATION AGREEMENTS. HE PARTICULARLY SINGLED OUT THE GERMAN INTEREST STEMMING FROM THE PROPOSED GERMAN-IRANIAN REFINERY PROJECT. (AS WE UNDERSTAND IT, THE GERMANS WANT TO ESTABLISH A GENERAL COMMUNITY POLICY WHICH WOULD NOT SPECIFICALLY REFER

TO THE IRANIAN REFINERY PROJECT, BUT WOULD SERVE AS COVER FOR IT OR SIMILAR DEALS.)

4. SOAMES SAID THAT THE IRANIANS HAVE BEEN AFTER HIM FOR SOME TIME FOR A PREFERENTIAL TRADE AGREEMENT WITH THE COMMUNITY--ONE THAT WOULD NOT BE LIMITED TO PETROLEUM PRODUCTS--AND HE HAS CONSISTENTLY REFUSED TO CONSIDER THE IDEA. HE THINKS THEY HAVE NOW GIVEN UP ON THE COMMISSION AND TURNED TO THE MEMBER STATES, TRYING TO ACHIEVE THEIR OBJECTIVES IN THE GUISE OF SO-CALLED COOPERATION AGREEMENTS.

5. SOAMES SAID THERE HAD ALSO BEEN AN ITALIAN-ROMANIAN LIMITED OFFICIAL USE

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DEAL WHICH THE ITALIANS HAD MODIFIED WHEN THE COMMISSION THREATENED TO TAKE THEM TO THE EUROPEAN COURT. SIMILARLY, THE DUTCH WERE RECENTLY UNABLE TO CONCLUDE AN AGREEMENT WITH ROMANIA CONTAINING THE REQUIRED EC DISCLAIMER (SEE REFTEL D).

6. DESPITE THE FACT THAT THE LINE IS BEING HELD FOR THE PRESENT, SOAMES BELIEVES GERMANY AND SOME OF THE OTHER

MEMBER STATES WILL CONTINUE TO PUSH AND PROBE FOR OPENINGS FOR DEALS THAT SERVE THEIR IMMEDIATE NATIONAL PURPOSES. HE POINTED OUT THAT THE GERMANS HAVE AN UNDERSTANDING FROM THE JULY 22-23 EC COUNCIL MEETING THAT THE GENERAL QUESTION OF PREFERENTIAL TRADE TREATMENT UNDER INDUSTRIAL COOPERATION AGREEMENTS CAN BE TAKEN UP AT THE SEPTEMBER 16-17 SESSION.

7. IN CONCLUDING, SOAMES MADE CLEAR THAT HE REMAINS STRONGLY OPPOSED TO ANY EC PREFERENTIAL ARRANGEMENTS GOING BEYOND THE GEOGRAPHIC AREAS ALREADY DISCUSSED WITH US. WHILE HE WILL

CONTINUE TO RESIST THE PRESSURES, HE BEVLIEVES THE US SHOULD ACT DIRECTLY TO MAKE ITS VIEWS CRYSTAL CLEAR AT SENIOR LEVELS IN BONN AND OTHER EC CAPITALS. GREENWALD

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